

Glossary of Allotment-Related Terms

Allotment—An agency's plan of estimated expenditures, revenues and cash disbursements for each month of the biennium.

Appropriation—The legislative authorization to make expenditures and incur obligations from a particular fund. Appropriations typically limit expenditures to a specific amount and purpose within a fiscal year or biennial timeframe.

Appropriation Schedule—A listing prepared by OFM of all dollar appropriations (by agency and fund) contained in legislation, along with an assigned code for use in allotment preparation and other accounting requirements.

Biennium—A two-year fiscal period. The Washington State biennium runs from July 1 of an odd-numbered year to June 30 of the next odd-numbered year.

Budget Drivers—Caseload, economic, or demographic factors that have a significant effect on the state budget. Examples: inflation rate changes, state population in certain age groups.

Budget Notes—A legislative fiscal staff publication that summarizes the budget passed by the state Legislature. This publication is usually distributed a few months after the end of the legislative session. Budget notes provide guidance but are not legally binding.

Building Renewal—Improvements to facilities, usually to the building envelope or within the building footprint, to prevent deterioration and maintain use of the facility.

Capital Budget and Ten-Year Capital Plan—The long-term financing and expenditure plan for acquisition, construction, or improvement of fixed assets such as land and buildings, and for programs that accomplish facility improvements. The capital budget is included in an appropriation bill for a specific biennium; the Ten-Year Capital Plan is a proposal put forward by the Governor—but not enacted into law.

Capital Policy and Communications Committee (CP/CC)—A committee organized by OFM that includes representatives of major agencies with capital projects, universities and colleges, the design and engineering profession, and the contracting industry. The committee meets throughout the year to provide a forum for discussion of capital budgeting and project delivery issues common to all organizations, and undertakes analyses and makes recommendations regarding specific issues. Meetings are open to all agencies.

Construction Management (CM)—Involves a contractual arrangement in which an owner employs an agent-consultant called a Construction Manager to coordinate and manage all of the construction trades. This additional management expertise is usually used on larger, more complex construction projects. However, an owner on a smaller project may retain a construction manager for that person's construction expertise to act as the representative for the owner on the project.

Corrective Maintenance—Unscheduled repair or replacement of equipment, systems, or components of facilities that require immediate action to restore service or repair problems that will interrupt building service or agency activities. This work is normally funded from the operating budget.

Cost/Benefit Analysis—An analysis in which consequences of the investment are measured in or converted to economic terms and quantitative benefits.

Cost Estimating—An element of basic services in an architect/engineer (A/E) agreement which includes an estimate of construction cost from quantity surveys and unit costs of building elements for the project. Cost estimates shall include the elements of work to complete the project, all costs and fees and taxes necessary to complete the work, plus appropriate construction estimating contingencies to cover unidentified costs necessary to complete the project. Interactive Cost Estimating is additional work beyond basic services in which additional design alternatives are estimated. Independent Cost Estimating, if needed, covers cost estimates by an independent third party contracted to the owner and used to validate cost estimates prepared by the A/E.

Debt Limit—Washington State's legal restriction (RCW 39.42.060) on the amount that can be paid for debt service on bonds, notes, or other borrowed money. The law states that the maximum level of payments of principal and interest on bonds issued cannot exceed 7 percent of the arithmetic mean of general state revenues for the three preceding fiscal years. The State Constitution (Article 8, Section 1(b)) contains a similar, but higher, debt limit of 9 percent of revenues.

Dedicated Funds—Funds set up by law to receive revenue from a specific source and to be spent for a specific purpose.

Deferred Maintenance—A backlog of activities that agencies deem necessary to bring facilities into good repair. Deferred maintenance is generally work that is left undone due to the lack of resources, or perceived lower priority than projects funded. Failure to perform deferred work may result in the progressive deterioration of the facility condition or performance, and if not addressed will significantly increase restoration cost.

Designer—A party to a contract to provide professional design services, often an architect or a professional engineer. Also, one (individual or corporate) who performs the design function in construction, as a package deal, a turnkey project, or a development management project.

Economic Life—In the context of cost/benefit analysis, this refers to the span of years necessary to compare similar costs of operating and maintaining alternative solutions. It may not necessarily equate to the time required to fully depreciate the structure. The economic life span should be the same for each alternative for a project. The period of time, extending from the date of installation to the date of retirement for the intended service over which a prudent owner expects to retain the property in order to obtain a minimum cost.

Entitlement—A service or grant that, under state or federal law, must be provided to all applicants.

Facilities Improvements—These include initial construction, punch-list items, retrofits, alterations, remodeling, renewals, tenant improvements, renovations, adaptations and code improvements, etc. for a facility.

Facility Preservation—This is work that improves or restores the operational and service capacity to extend the useful life of a facility, but does not significantly affect the programs and services housed within the facility. This work generally differs from ordinary maintenance in the extent and cost of the work undertaken. The distinction between ordinary maintenance and preservation is made for the purpose of segregating these types of projects by funding source—operating or capital budget.

Fiscal Year—A one-year fiscal period. The Washington state fiscal year extends from July 1 through the next June 30. The federal fiscal year runs October 1 through September 30.

Fiscal Note—A statement of the estimated fiscal impact of proposed legislation. This cost estimate is usually developed by the state agencies affected by the bill, and then approved and communicated to the Legislature by the Office of Financial Management.

Fixed Assets—A fixed, physically attached and permanent improvement or real property. Fixed assets are normally those which are capitalized.

Full-Time Equivalent (FTE)—*As a unit of measure of state employees:* refers to the equivalent of one person working full-time for one year (approximately 2,088 hours of paid staff time). Two persons working half-time also count as one FTE. *As a unit of measure of students in K-12 or Higher Education facilities:* refers to the equivalent of one student attending class full-time for one school year (based on fixed hours of attendance, depending on grade level).

Fund—An independent budget and accounting entity with a self-balancing set of accounts representing all related resources, obligations and reserves. Most funds are set up in state law to isolate specific activities.

General Obligation Bonds—Bonds whose repayment is guaranteed by the “full faith and credit” of the state.

General Fund-State—The *general fund* represents all financial resources and transactions not required by law to be accounted for in other funds. *General Fund-State* (GF-S) refers to the basic account that receives revenue from Washington’s sales, property, business and occupation, and other general taxes; and is spent for operations such as public schools, social services, and corrections.

(Capital) Improvement—A legal term referring to anything erected on and affixed to land (e.g., buildings, roads, fences, and services), which legally becomes part of the land, according to common law and statutory definition.

Initiative 601—A law on state budget restrictions passed in the November 1993 general election. Its primary requirements are: an *expenditure limit* based on inflation and population growth (applicable to state general fund expenditures only); an *emergency reserve account* for any GF-S revenues above the expenditure limit; a percentage limit on how much state fees can be raised without legislative approval; and a 2/3 legislative vote requirement on certain state tax increases.

Life Cycle Cost Analysis—The identification of a total life-cycle cost of a capital project. Life-cycle cost analysis is defined as the programmatic and technical considerations of all cost elements associated with capital facility alternatives under consideration. These cost elements may include any or all of the following; Capital Investment Costs, Financing Costs, Operations Costs, Maintenance Costs, Alternations Costs, Replacement Costs, Denial of Use Costs, Lost Revenue, and Associated Costs. Life-cycle costing is used to identify alternatives that minimize the total cost of a decision by selecting the correct designs and components to minimize the total cost of service, not only the first cost. For instance, changes to the preliminary design might increase initial cost but lower operating costs and thereby reduce total costs.

Maximum Allowable Construction Cost (MACC)—A cost that the owner stipulates to the design consultant before design begins. The MACC is the owner’s budget for the construction cost of the project and the designer agrees that the design solution will not result in construction costs that exceed this amount.

Major Projects—Those projects that cost \$5 million or more, or projects that are identified by OFM or the Legislature as major projects. This determination could be based on the project meeting any of the following criteria: a high degree of risk in successful project completion, particularly costly elements, a particularly tight design budget or short design schedule, or incorporation of state-of-the-art technology.

Nonappropriated Funds—Funds where expenditures can be made without legislative appropriation. Only funds specifically established in state law as being exempt from appropriation fall into this category.

Normal or Ordinary Maintenance—A systematic day-to-day process generally funded by the operating budget to control the deterioration facilities, e.g., structures, systems, equipment, pavement, grounds. This includes the following:

- a) Corrective maintenance, see definition above.
- b) Preventive and predictive maintenance planned or scheduled to extend the life and retain the usable condition of facilities, systems and equipment.

Operating Budget—A biennial plan for the revenues and expenditures necessary to support the administrative and service functions of state government.

Operations and Service Costs—The costs of the regular custodial care, utilities, refuse and recycling services, parking management, boiler operations, law enforcement and security, property management, visitor information, tour services, fire protection and life-safety services, including salaries of facility staff performing these tasks.

Owner: The first party to the construction contract, who pays the contractor (the second party) for the construction work; also, the party who owns the rights to the land upon which the work is done and who, therefore, owns the work; also, the client of a designer, a construction manager, a project manager, or a development manager.

Performance Measure—A quantitative indicator of how programs or services are directly contributing to the achievement of an agency's objectives. These indicators may include measures of inputs, outputs, outcomes, productivity, and/or quality.

Predictive Maintenance—A refinement to preventive maintenance that integrates scheduled maintenance with system monitoring and analysis (e.g. vibration analysis, thermal/energy analysis) to identify inefficient operation or imminent breakdown. Predictive maintenance ideally reduces the cost of maintaining components that are working adequately by prolonging life and avoiding costly repairs.

Preservation Project—Projects which maintain and preserve existing state facilities and assets, and do not significantly change the program use of a facility. Examples would include roof replacement and exterior renovation, utility system upgrade, repairing streets and parking lots. See definition of facility preservation above.

Preventive Maintenance— A maintenance strategy where inspections are made or actions are taken on a scheduled basis to reduce service interruptions, extend the life and retain the usable condition of systems and equipment, and continue efficient operations. Actual inspection and maintenance is performed on pre-specified schedules established by the manufacturer or facility manager.

Proviso—Language in budget bills that places a condition on the use of appropriations. Example: "Up to \$500,000 of the General Fund-State appropriation is provided solely for five additional inspectors in the food safety program."

Program Projects—Projects which are intended to accomplish a program goal such as changing or improving the use of existing space, or creating a new facility or asset through construction or purchase. These projects may have a major impact on future operating budgets — such as the construction of a new prison or university branch campus.

Programming—The work necessary to define the scope of a project through understanding the activities and spatial relationships within a facility. This phase begins with an evaluation of existing program spaces and determines the best arrangement of a new or remodeled structure to deliver a program.

Project Delivery System—Method of how an owner plans to contract for a project, i.e. design/bid/build, design/build, GC/CM, etc.

Real Property—Property that is fixed, immovable, and permanent. Real property includes land, structures affixed to the land, property affixed to the structures, and in some cases, things growing on the land.

Reappropriation—Capital budget appropriation that allows for continued use of the unexpended portion of previously appropriated funds. Capital projects often overlap fiscal periods and it is necessary to reauthorize some expenditures for project completion.

Reserve, or Fund Balance—*In budget terminology*, the difference between budgeted resources and expenditures.

Reversion—Unused appropriation authority. If an agency does not spend all its appropriation in the timeframe specified by the budget, the authorization to spend that dollar amount expires.

Schedule of Values—A schedule breakdown on a month to month basis by the contractor to show the intended percentage of completed work by the construction trades. The schedule of values is derived to base the amount of the request for payment by the contractor.

Subcontractor—A party to a subcontract who does trade work for a contractor (the other party), which work is included under the prime contract between the same contractor and an owner; one who is defined as a subcontractor by the prime contract.

Supplemental Budget—Any legislative change to the original budget appropriations.

Useful Life—An estimate of the total time that an asset is usable and in service.

Common Acronyms Used in the Allotment Instructions

AFRS—Agency Financial Reporting System
APS—Allotment Preparation System
CP/CC—Capital Policy and Communications Committee
ADA—Americans with Disabilities Act
E&A—Engineering and Architectural
E&AS—Engineering and Architectural Services
FTE—Full Time Equivalent staff (or student)
GAAP—Generally Accepted Accounting Principles
GF-S—General Fund State
LEAP—Legislative Evaluation and Accountability Program Committee
OFM—Office of Financial Management
OFMARS—Office of Financial Management Allotment Review System
PWR—Public Works Request
RCW—Revised Code of Washington
TAPS—The Allotment Preparation System
UST—Underground Storage Tank
VE—Value Engineering